

## Message Text

CONFIDENTIAL

PAGE 01 SANTIA 04282 241815Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----250152Z 025321 /63  
R 241735Z MAY 77  
FM AMEMBASSY SANTIAGO  
TO SECSTATE WASHDC 4951  
INFO AMEMBASSY PANAMA

C O N F I D E N T I A L SANTIAGO 4282

EXDIS

AID FOR AA/LA DESIGNATE VALDEZ FROM CHARGE

PANAMA ALSO FOR VALDEZ

E.O. 11652: GDS  
TAGS: AMGT PFOR CI  
SUBJECT: DEPARTURE OF AID DIRECTOR

REF: SANTIAGO 2567 (NOTAL - STADIS)

1. SINCE SENIOR PERSONNEL MATTERS WILL UNDOUBTEDLY BE HIGH ON YOUR INITIAL AGENDA, I WANTED YOU TO HAVE THE EMBASSY'S VIEWS ON AID ASSIGNMENTS TO SANTIAGO. I NOTE YOU WILL BE DISCUSSING PERSONNEL AT YOUR PANAMA MISSION DIRECTORS' CONFERENCE (STATE 117091).

2. WHEN THE CURRENT DIRECTOR OF THE US AID MISSION IN SANTIAGO IS REASSIGNED, THE EMBASSY DOES NOT, REPEAT NOT, WISH TO HAVE ANOTHER MISSION DIRECTOR ASSIGNED HERE. THIS IS NOT A POSITION WE TAKE LIGHTLY, BUT IT IS ONE WE FEEL IS REQUIRED BY THE SPECIAL CIRCUMSTANCES OBTAINING IN CHILE. THESE CIRCUMSTANCES ARE:

-- FIRST, AID PROGRAMS IN CHILE ARE TERMINATING.

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THE GOC HAS TOLD US IN NO UNCERTAIN TERMS THAT THEY DO NOT WANT THE EXECUTIVE BRANCH TO REQUEST ANY ADDITIONAL AID FUNDING FROM CONGRESS IN THE CURRENT ATMOSPHERE (READ: WHILE HUMAN RIGHTS IS A PROBLEM BETWEEN THE US AND CHILE). AS FAR AHEAD AS WE CAN SEE, AND CERTAINLY OVER THE ONE TO THREE YEAR NEAR-TERM, THE PRESENT JUNTA, OR A SIMILAR GOVERNMENT, WILL REMAIN IN POWER IN CHILE.

HUMAN RIGHTS WILL CONTINUE TO BE AN ISSUE BETWEEN US. THUS, FOR FY 78 AND BEYOND, AID PROGRAMS WILL BE LIMITED TO APPROXIMATELY \$5 MILLION IN TITLE II AND US AND CHILEAN PERSONNEL WILL PHASE OUT AS OLD PROGRAMS TERMINATE.

-- SECOND, BILATERAL US AID TO CHILE IS UNLIKELY TO BE RESURRECTED IN ANY CIRCUMSTANCES. BY MANY DEFINITIONS, CHILE IS NOW A MIDDLE INCOME COUNTRY. OVER THE FIVE TO SEVEN YEAR MID-TERM, WITH RISES IN COPPER PRICES (AS PREDICTED BY ALL OBSERVERS), AND WITH THE ECONOMIC SITUATION IMPROVING GENERALLY, CHILE WILL BECOME EVEN BETTER OFF. EVEN IF THERE HAD BEEN NO HUMAN RIGHTS PROBLEM, WE WERE PLANNING TO TERMINATE BILATERAL AID IN CHILE IN A COUPLE YEARS IN ANY CASE.

-- THIRD, THE ASSIGNMENT OF A NEW AID DIRECTOR UNDER PRESENT CIRCUMSTANCES WOULD GIVE THE GOC A SIGNAL OF "BUSINESS AS USUAL." THIS IS THE WRONG SIGNAL. THE AID PRESENCE IN CHILE WILL QUICKLY BE REDUCED FROM ITS PRESENT SIXTEEN TO EIGHT POSITIONS, WITH FURTHER REDUCTIONS PLANNED. WE WANT THE GOC TO KNOW THAT THE DAYS OF SIGNIFICANT US ECONOMIC ASSISTANCE IN CHILE ARE OVER.

-- FOURTH, WITH THE US AID PROGRAM IN CHILE ESSENTIALLY MORIBUND, THE ASSIGNMENT OF A NEW DIRECTOR WOULD BE AN INEFFICIENT USE OF US RESOURCES. IT WOULD COST SOMEWHERE BETWEEN \$75,000 AND \$100,000 A YEAR TO ASSIGN AND KEEP A NEW AID DIRECTOR HERE. NO USEFUL  
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PURPOSE WOULD BE SERVED BY INCURRING SUCH EXPENSES. WHEN JIM ROUSH LEAVES, AND HE IS WELCOME TO STAY AS LONG AS HE FEELS HE CAN MAKE A CONTRIBUTION IN CHILE CONSISTENT WITH HIS TALENTS AND EXPERIENCE, THE SENIOR AID PERSON THEN AT POST SHOULD BE DESIGNATED AID AFFAIRS OFFICER.

-- FIFTH, THE ASSIGNMENT OF A NEW AID DIRECTOR WOULD BE CONTRARY TO CONGRESS'S GENERAL STRICTURES AGAINST WASTE IN AID PROGRAMS AND ITS SPECIFIC VIEWS WITH RESPECT TO CHILE.

3. IN MARCH, UNDER DEPARTMENTAL INSTRUCTION, THE EMBASSY SUBMITTED ITS ANNUAL POLICY ASSESSMENT AND RESOURCE MANAGEMENT (PARM--REFTEL) DOCUMENT. THEREIN, WE STRONGLY RECOMMENDED THAT WHENEVER THE INCUMBENT US AID MISSION DIRECTOR DEPARTS, HE BE REPLACED BY AN AID AFFAIRS OFFICER. I WANTED YOU TO BE AWARE BEFORE DECISIONS ARE TAKEN OF THE SERIOUS CONSIDERATIONS THAT LED US TO

THIS POSITION.

4. GOOD LUCK IN YOUR NEW ASSIGNMENT. HOPE TO SEE  
YOU IN CHILE.  
BOYATT

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NNN

## Message Attributes

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**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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